

Message Text

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SUBJECT: EC COUNCIL MEETING, JUNE 25: MEDITERRANEAN POLICY

REF: EC BRUSSELS 3401

1. SUMMARY: AT THE JUNE 25 EC COUNCIL MEETING THE DISCUSSION OF MEDITERRANEAN POLICY PRODUCED AGREEMENT ON THE BROAD OUTLINE OF THE GERMAN COMPROMISE WHICH WAS TABLED IN MAY (REFTEL). THE MINISTERS DIRECTED THE COREPER TO IRON OUT REMAINING DIFFERENCES WITH FORMAL APPROVAL TO BE COMPLETED BY WRITTEN PROCEDURE. WORKING LEVEL OFFICIAL ARE SKEPTICAL WHETHER THE REMAINING ISSUES CAN BE LIMITED OFFICIAL USE

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SETTLED WITHOUT ADDITIONAL MINISTERIAL DISCUSSION. END SUMMARY.

2. THE FOLLOWING PARAGRAPHS DESCRIBE THE KEY ELEMENTS OF THE RESOLUTION OF OUTSTANDING ISSUES. REFTEL DESCRIBES THE BASIS ON WHICH THE DISCUSSION TOOK PLACE.

3. IN THE AGRICULTURAL SECTOR THE COUNCIL WAS, WITH SOME EXCEPTIONS, IN ACCORD WITH THE MAIN LINES OF THE GERMAN COMPROMISE ON WINE, CITRUS AND OTHER PRODUCTS (PARA 4, REFTEL). THE UK FOUND ITSELF ISOLATED IN ITS ATTEMPTS TO AVOID INCREASING ITS PRESENT DUTIES ON A GROUP OF KEY IMPORTS, PRIMARILY FROM SPAIN AND ISRAEL. THE UK BRIDFLY PROPOSED A SYSTEM OF NATIONAL TARIFF QUOTAS AS AN ALTERNATIVE BUT THIS AOLUTION ALSO REJECTED. IN THE END THE UK REDUCED ITS DEMANDS BUT MAINTAINED A RESERVATION THAT IT SHOULD NOT HAVE TO RAISE ITS DUTY ON FOUR PRODUCTS (ORANGE AND GRAPEFRUIT JUICE, FRUIT COCKTAIL AND WINE). A AGREEMENT ON THESE PRODUCTS AS WELL AS OTHER MINOR RESERVATIONS ON SEVERAL OTHER PRODUCTS WILL HAVE TO BE WORKED OUT BY THE COREPER. ITALY HAS ALSO MADE ITS ACCEPTANCE OF THE SOLUTION FOR ALGERIAN WINE CONTINGENT ON COMMUNITY ACTION REGARDING THE DISTILLATION OF SURPLUS ITALIAN WINE AT COMMUNITY EXPENSE.

4. DEVELOPMENT AID FOR THE MAGHREB AND MALTA: THE MEMBER STATES AGREED ON A 360 MILLION UNIT OF ACCOUNT AID PACKAGE OVER FIVE YEARS. THE DUTCH HAVE MADE THEIR ACCEPTANCE OF THIS PACKAGE CONTINGENT ON EC ACCEPTANCE OF A CONTRIBUTION TO THE WALDHEIM APPEAL. (AN AGREEMENT IN PRINCIPAL TO CONTRIBUTE WAS MADE LATER DURING THE SAME COUNCIL MEETING. SEE SEPTELS.) THE UK HAS ALSO INSISTED THAT THE COMMUNITY TAKE ANOTHER LOOK AT THE BREAKDOWN OF AID TO INDIVIDUAL MAHGREB COUNTRIES WITH THE GOAL OF ADJUSTING THE MIX OF MARKET RATE LOANS, SUBSIDIZED LOANS AND GRANTS TO REFLECT THE CURRENT WORLD SITUATION AS THE RESULT OF THE INCREASED EARNINGS FROM EXPORTS OF BOTH ALGERIA (PETROLEUM) AND MOROCCO (PHOSPHATES).

5. IMMIGRANT LABOR: THE MEMBER STATES CAME CLOSED TO AGREEMENT ON THE TREATMENT OF IMMIGRANT LABOR. THE VESTING OF SOME PENSION RIGHTS AND OTHER ALLOWANCES IS ACCEPTED. THE QUESTION OF NON-DISCRIMINATION BETWEEN MAHGREB AND OTHER MEDITERRANEAN WORKERS IS STILL OPEN.

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6. COMMENT: THE ACCEPTANCE OF THE GERMAN COMPROMISE HAS PROVIDED THE FIRST SIGNIFICANT MOVEMENT IN MEMBER STATE POSITIONS SINCE THE END OF 1973. IT WAS UNDOUBTEDLY ABETTED BY A COMBINAA TION OF WEARINESS, FRUSTRATION AND, INDEED, EMBARRASSEMENT THAT SO LITTLE HAD BEEN ACCAOMPLISHED OVER THE PAST SIX MONTHS. BECAUSE WORKING LEVEL EC OFFICIALS ARE STILL SKEPTICAL WHETHER THE REMAINING ISSUES CAN BE SETTLED WITHOUT DISCUSSION AGAIN AT THE MINISTERIAL LEVEL, A NEW ROUND OF NEGOTIAITIONS WITH MEDITERRAN-

EAN COUNTRIES BEFORE THE FALL REMAINS DOUBTFUL. GREENWALD

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